

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice FI-2342

For: State and County Offices

New Codes for Processing Administrative Offsets for Farm Loan Debts

Approved by: Acting Deputy Administrator, Management



1 Overview

A

Background

The Debt Collection Improvement Act (DCIA) requires federal agencies to track and report on loans 90 calendar days or more past due. This legislation requires reporting of the following:

- payments received after a debtor receives an administrative offset notice
- payments collected through administrative (internal) offset
- payments collected through Treasury offset.

B

Purpose

This notice provides State and County Offices with instructions:

- on processing administrative (internal) offset payments with a new Application Code and Miscellaneous Collection Codes (MCC's) for farm loan debtors
- interpreting new codes for voluntary and Treasury Offset payments reflected on Automated Discrepancy Processing System Borrower Online History.

C

Contact

If there are any questions about this notice, the County Office shall contact the State Office. The State Office shall contact the Program Reporting Branch at 314-539-2494.

Disposal Date

September 1, 1999

Distribution

State Offices; State Offices relay to County Offices

Notice FI-2342

2 New Application and MCC's

A

New Application Code and MCC's

Administrative (internal) offset payments received as a result of the Farm Program/Farm Loan Program match process initiated in September 1997, have been manually counted, reported to the National Office and subsequently, to Congress.

County Release No. 388, contained software modifications to allow State and County Offices to use Application Code "A" to record administrative offset on the System 36/Farm Credit Program (FCP) and FmHA 451-2. Modifications to the Program Loan Accounting System have now also been made to accept the new Application Code.

New MCC's 50-59 will be used in conjunction with the Application Code "A" to signify the type of farm program payment offset being applied to a farm loan. New MCC's 60-69 will be used to signify the type of farm program payment offset being applied to a delinquent lease.

3 County Office Action

A

Processing Payments

County Offices shall:

- process payments received through normal collections, according to Notice FI-2341, using the correct Application Code
 - input the correct MCC and Application Code "A", if applicable, for payments received from FSA farm program administrative offsets according to this paragraph.
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3 County Office Action (Continued)

B

Recording Payments for Delinquent Loans

County Offices shall discontinue using MCC “40” to record payments from administrative offsets. County Offices shall use Application Code “A”, and the MCC’s listed in this subparagraph to record payment collections from administrative offsets for delinquent loans. These payments will process to the accounting system exactly as the Application Code “R” does currently. The Application Code “A” will be reflected on the Summary and Detail Online Borrower History screens.

County Offices shall use 1 of the following MCC’s when Application Code “A” is used:

- 50 - Other
 - 51 - Production Flexibility Contract (PFC)
 - 52 - Livestock Indemnity Program (LIP)
 - 53 - CRP
 - 54 - Environmental Quality Insurance Program (EQIP)
 - 55 - Tobacco
 - 56 - Peanuts
 - 57 - Rice
 - 58 - Reserved
 - 59 - Reserved.
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C

Recording Payments for Delinquent Leases

County Offices shall enter the advice number and 1 of the following MCC’s to record payment collections from administrative offset for delinquent leases. The following MCC’s will process and be reflected exactly as MCC “15” does currently on the Summary and Detail Online Borrower History screens:

- 60 - Lease Other
 - 61 - Lease PFC
 - 62 - Lease LIP
 - 63 - Lease CRP
 - 64 - Lease EQIP
 - 65 - Lease Tobacco
 - 66 - Lease Peanuts
 - 67 - Lease Rice
 - 68 - Reserved
 - 69 - Reserved.
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3 County Office Action (Continued)

D

Using Application Code “R” and “V”

No change to cash input on System 36/FCP is required. All payments processed with an Application Code “R” or submitted on FmHA 451-2 will be matched to the Master File of borrowers who were issued a Treasury offset letter.

In the future, payments received after the date the 1951-C1 or 1951-C2 letter is issued will be matched. If a match is found, the Application Code “R” will be programmatically changed to Application Code “V”, to signify a voluntary payment received by FSA as a result of the above letters, and will flow through the accounting system exactly as the Application Code “R” does presently.

Note: Application Code “G” is used when an extra payment is received. It does not reduce the delinquent amount, and will not be matched to the Master File of borrowers eligible for offset.

The Application Code “V” will be reflected on the Summary and Detail Borrower Online History screens. These payments are being tracked to capture the count and amount of voluntary payments and will be used to prepare the Congressional report required by DCIA.

E

Using Application Code “T”

Treasury offset collections are received through OPAC from Treasury and will be programmatically coded with Application Code “T”. The payments will process to the accounting system exactly as the Application Code “R” does presently, and will be reflected on the Summary and Detail Online Borrower History screens.

These payments are being tracked to capture the count and amount of Treasury Offset payments and will be used to prepare the Congressional report required by DCIA.

4 State Office Action

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Action

State Offices shall:

- provide guidance to County Offices on the use of the different Application Codes and MCC’s when requested
 - ensure that all County Offices are using the latest revised 1951-C1 and 1951-C2 letters.
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